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TODAY

THRIFTS ARE SLOWLY gaining parity with commercial banks in the area of interstate banking powers. To date, 30 states have some kind of thrift interstate legislation. The *American Banker* today introduces a new feature, a state-by-state list of interstate banking legislation for thrifts.... 3

SEVERAL PROMINENT Arkansas citizens, as well as seven developers and brokers active in Dallas real estate, are among 13 stockholders who received more than $612 million in insider loans from the failed FirstSouth Federal Association of Pine Bluff, Ark., according to federal documents.... 2

BANKAMERICA CORP. hopes to begin investment banking units in Italy and West Germany by the end of this year, though it recently sold its retail subsidiaries in both those countries.... 2

CREDITOR BANKS of the Philippines are resisting an innovative proposal to pay part of the country's interest on international borrowings in tradable debentures instead of cash, banking and U.S. government sources said.... 2

BANKING WAS ONE of the hottest hiring fields in the country in February, according to a study made by a recruiting firm.... 5

REP. DOUG BARNARD, D-GA., thinks leaders of the House of Representatives will accept a restrictive Senate banking bill in return for a liberal thrift insurance bill.... 6

MARKETING TODAY

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GOV. HENRY BELLMON'S proposals to inject state funds into struggling Oklahoma banks died in the banking and finance committee of the Oklahoma House of Representatives....23

LARRY BUEGLER doesn't like bad news. Yet bad news, and dealing with it, is what he faces as head of the Farm Credit Services in St. Paul, Minn. The three-affiliate bank group is the largest of the nation's 12-district Farm Credit System.... 24

KEEPING CURRENT

Executive Changes.... 5

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COMMENT

A Guide for the Perplexed Investor

By SANFORD ROSE

Mortgage investors have been guided for the past few years by yields derived from a very simplified and dangerous analysis of duration. Basically, the investor projects the recent prepayment rates on a mortgage security into the future and adjusts the expected cash flows accordingly. Then he computes the yield that discounts these adjusted flows back to the observed market price of the security.

This cash-flow yield is compared to the yield on a treasury of the same purported average life to arrive at a spread. The higher the spread over treasuries, the better the investment, at least in the view of many market participants.

Yet, in the opinion of a growing number of analysts, the size of the mortgage-treasury spread, so computed, is next to meaningless. According to David Jacob and Alden Toevs, respectively vice president and principal of Morgan Stanley, mortgage-backed securities, even those that are free of credit risk, ought to yield more than treasuries for three reasons.

Comment: Page 4 ➡

Hellerman Gets 32-Year Term in Prison And $1.75 Million Fine in Florida Fraud

By BART FRAUST

NEW YORK — A federal judge on Monday sentenced Michael Hellerman, one of the early beneficiaries of the federal witness protection program, to 32 years in prison and a fine of $1.75 million in connection with his involvement in a scheme to defraud Florida Center Bank, a small Orlando, Fla., bank that failed last April.

Judge G. Kendall Sharp of the U.S. district court in Orlando immediately placed Mr. Hellerman into the custody of U.S. marshals until he is assigned to a prison. On Jan. 28, Mr. Hellerman, who now goes by the name of Michael Rapp, was convicted of seven counts of bank fraud and conspiracy. He received the maximum penalties.

Two others convicted of taking part in the scheme, New York money broker Mario Renda and Oklahoma investor Charles Bazarian, also were sentenced on Monday.

Mr. Renda, chairman of First United Fund Ltd., a Garden City, N.Y., money brokerage, and Mr. Bazarian, chairman of C.B. Financial Corp., an Oklahoma City investment firm, were each sentenced to two years in prison and fined $100,000.

On Feb. 12, Mr. Renda was convicted on one count of conspiracy. He faced a maximum penalty of five years in prison. That same day, Mr. Bazarian was convicted on three counts of fraud and conspiracy. He had faced a maximum penalty of 15 years in prison.

Mr. Renda and Mr. Bazarian are free pending appeal of their convictions.

First United Fund is the plaintiff in a libel suit against the *American Banker*.

Hellerman: Page 22 ➡

Chase Remains Clearing House Volume Leader

Bank of America Second In Electronic Payments

By JEFFREY KUTLER

NEW YORK — Chase Manhattan Bank continues to dominate the automated clearing house business, as it has almost since the paperless payment system's inception in the 1970s.

AN American Banker SPECIAL REPORT

Chase originated one in every seven commercial transactions that flowed through the automated clearing house network in 1986, according to figures compiled by the *American Banker*.

At 55.4 million clearing house items, the New York bank initiated four times the volume of its nearest rival, Bank of America, San Francisco.

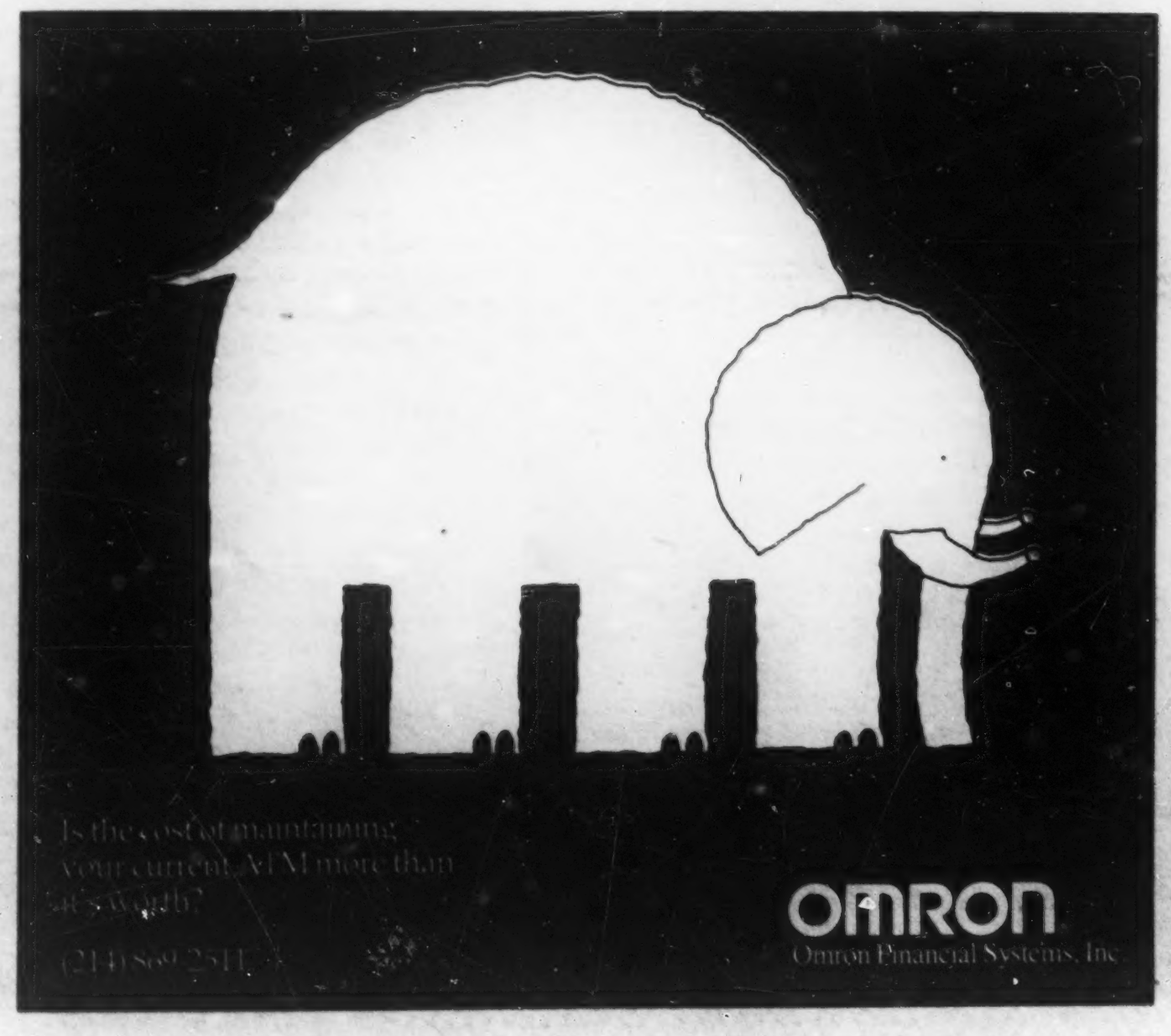
The gap separating the two leaders was the same as in 1985, the first year for which the *American Banker* published a ranking of the top 100 automated clearing house banks.

Top ACH Originators

	1986 Volume (in Millions)
1. Chase Manhattan Bank	55.4
2. Bank of America	13.9
3. Mellon Bank	10.9
4. Norwest Bank Minneapolis	9.7
5. Marine Bank of Springfield, Ill.	9.2

But Chase's share of this market, at 13.9% of the estimated 398.1 million private-sector clearing house payments originated by financial institutions in 1986, shrank by four-tenths of

Clearing House: Page 14 ➡



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Top 100 Originators of ACH Payments in 1986

Rank by ACH Origination 1986	1985		1986 Origination Volume Debits	Credits	Total	Annual Growth(%)
1	1	Chase Manhattan Bank NA, New York	47,927,757	7,466,276	55,394,033	34
2	2	Bank of America NT&SA, San Francisco	4,773,744	9,087,258	13,861,002[1]	32
3	6	Mellon Bank NA, Pittsburgh	4,575,946	6,348,002	10,923,948	29
4	3	Norwest Bank Minneapolis	7,293,016	2,413,005	9,652,021	12
5	5	Marine Bank of Springfield, Ill.	8,843,477	339,757	9,183,234	36
6	4	Northern Trust Co., Chicago	2,515,454	6,261,364	8,776,818	25
7	8	Wachovia Bank & Trust Co. NA, Winston-Salem, N.C.	5,363,458	2,005,946	7,369,404	37
8	10	First National Bank of Boston	4,830,957	1,413,676	6,244,633	54
9	25	Wells Fargo Bank NA, San Francisco	1,919,824	4,235,679	6,155,503[1]	70
10	18	Bank One NA, Columbus, Ohio	4,287,020	1,381,356	5,668,378	92
11	13	United Bank of Denver	2,742,328	2,047,811	4,790,139	34
12	17	Connecticut Bank & Trust Co., Hartford	2,780,065	1,692,818	4,472,883	49
13	39	M&I Marshall & Ilsley Bank, Milwaukee	NA	NA	4,174,211	145
14	11	Morgan Guaranty Trust Co., New York	3,290,772	859,803	4,150,575	7
15	16	National Bank of Detroit	1,781,135	2,342,020	4,123,155	35
16	20	Connecticut National Bank, Hartford	1,467,204	2,613,465	4,080,669	51
17	14	Manufacturers Hanover Trust Co., New York	1,252,735	2,723,886	3,976,621	15
18	19	Chemical Bank, New York	1,718,697	2,107,357	3,826,054	35
19	7	Trust Company Bank, Atlanta	2,441,353	1,345,208	3,786,561	(33)
20	12	First Bank Minneapolis	NA	NA	3,762,565	5
21	60	Centerre Bank NA, St. Louis	3,005,976	551,004	3,556,980	194
22	56	First Interstate Bank of Oklahoma City	3,037,332	415,068	4,452,400	176
23	9	Norwest Bank Nebraska, Omaha	2,853,624	557,040	3,410,664	(22)
24	21	National City Bank, Cleveland	NA	NA	3,334,285	39
25	45	Shawmut Bank of Boston	1,140,190	2,178,828	3,319,018	33
26	36	Security Pacific National Bank, Los Angeles	1,405,283	1,735,896	3,141,179[1]	79
27	15	Philadelphia National Bank	NA	NA	3,114,616	(7)
28	44	First National Bank of Atlanta	1,005,574	2,077,497	3,083,071	120
29	59	Boatmen's First National Bank, Kansas City, Mo.	2,841,888	226,464	3,068,352	153
30	54	Commerce Bank of Kansas City, Mo.	2,606,652	222,636	2,829,288	113
31	38	First National Bank of Maryland, Baltimore	925,969	1,835,017	2,760,986	59
32	52	First Interstate Bank of Arizona, Phoenix	NA	NA	2,630,686	89
33	27	InterFirst Bank, Dallas	NA	NA	2,594,073	24
34	22	Norwest Bank Des Moines	1,072,569	1,484,306	2,556,875	8
35	40	First City National Bank, Houston	NA	NA	2,498,413	49
36	31	NCNB National Bank, Charlotte, N.C.	1,308,222	1,185,214	2,493,436	36
37	29	AmeriTrust Co., Cleveland	NA	NA	2,488,037	26
38	55	Citibank NA, New York	560,009	1,925,205	2,485,214	89
39	23	First National Bank of Chicago	1,505,883	969,567	2,475,450	5
40	49	RepublicBank, Dallas	NA	NA	2,282,368	60
41	30	Bank of New England NA, Boston	184,766	2,035,896	2,220,662	15
42	22	First Union National Bank, Charlotte, N.C.	NA	NA	2,155,296	31
43	33	Society National Bank, Cleveland	NA	NA	2,122,067	19
44	32	First Interstate Bank of California, Los Angeles	1,188,912	913,289	2,102,201[1]	16
45	41	Texas Commerce Bank NA, Houston	NA	NA	2,073,074	25
46	46	Harris Trust & Savings Bank, Chicago	291,600	1,769,592	2,061,192	38
47	28	First Bank St. Paul, Minn.	NA	NA	2,052,709	3
48	44	Bank One Dayton, Ohio	395,912	1,594,104	1,990,016	22
49	43	Valley National Bank of Arizona, Phoenix	NA	NA	1,982,677	21
50	24	Chase Lincoln First Bank, Rochester, N.Y.	163,969	1,801,975	1,965,944	(8)
51	37	Continental Illinois Natl. Bank & Trust Co., Chicago	1,020,447	925,619	1,946,066	12
52	50	Citizens & Southern National Bank, Atlanta	658,406	1,253,897	1,912,303	36
53	34	Marine Midland Bank NA, Buffalo, N.Y.	119,714	1,769,550	1,889,264	7
54	74	United States National Bank of Oregon, Portland	1,278,008	468,706	1,746,714	85
55	48	Sovran Bank NA, Richmond, Va.	636,296	1,044,472	1,680,768	17
56	62	MBank Dallas NA	NA	NA	1,671,810	41
57	70	Seattle-First National Bank	990,720	668,816	1,659,536	66
58	61	Bankers Trust Co., New York	737,483	862,603	1,600,086	33
59	86	United Missouri Bank of Kansas City NA	1,099,140	499,080	1,598,220	133
60	75	AmSouth Bank NA, Birmingham, Ala.	1,370,644	214,897	1,585,541	71
61	64	First Wisconsin National Bank, Milwaukee	NA	NA	1,544,304	37
62	83	United Jersey Bank, Hackensack	790,690	651,688	1,442,378	84
63	53	Rainier National Bank, Seattle	295,374	1,119,768	1,415,142	6
64	73	Southeast Bank NA, Miami	976,478	351,592	1,328,070	37
65	65	Indiana National Bank, Indianapolis	680,967	630,851	1,311,818	24
66	100	Bank of Hawaii, Honolulu	498,348	779,424	1,277,772	112
67	72	BancOhio National Bank, Columbus	381,777	893,721	1,275,498	31
68	90	Fifth Third Bank, Cincinnati	238,966	1,030,601	1,269,567	91
69	69	Mercantile Bank NA, St. Louis	1,014,436	249,948	1,263,984	26
70	66	Maryland National Bank, Baltimore	481,728	779,925	1,261,653	20
71	88	First National Bank of Louisville	756,906	501,475	1,258,381	88
72	79	InterFirst Bank Austin, Tex.	NA	NA	1,228,814	49
73	80	Merchants National Bank, Topeka, Kan.	1,214,064	10,608	1,224,672	50
74	63	First Interstate Bank of Denver	456,949	763,480	1,220,429	6
75	67	Commonwealth National Bank, Harrisburg	NA	NA	1,205,971	16
76	85	Bank IV, Wichita, Kan.	1,009,080	166,476	1,175,556	69
77	26	Huntington National Bank, Columbus, Ohio	491,526	662,293	1,153,819	(45)
78	68	Citizens & Southern Natl. Bank of S.C., Charleston	NA	NA	1,143,432	13
79	76	First Pennsylvania Bank NA, Philadelphia	NA	NA	1,127,351	26
80	58	First Security Bank of Utah, Ogden	371,687	746,600	1,118,287[1]	(9)
81	-	First Citizens Bank & Trust Co., Raleigh, N.C.	386,485	656,565	1,043,050	-
82	77	Pittsburgh National Bank	258,009	753,806	1,011,815	14
83	81	American Security Bank NA, Washington, D.C.	728,413	280,729	1,009,142	24
84	-	First National Bank of Omaha, Neb.	730,332	267,636	997,968	-
85	-	Union National Bank, Little Rock, Ark.	615,468	352,812	968,280	-
86	-	InterFirst Bank Fort Worth, Tex.	NA	NA	952,634	-
87	92	United Bank of Arizona, Phoenix	NA	NA	921,372	39
88	84	First National Bank of Cincinnati	610,662	283,188	893,850	22
89	91	First Interstate Bank of Washington, Seattle	582,792	309,250	892,042	34
90	78	Union Planters National Bank, Memphis	663,677	240,329	874,006	5
91	82	Arizona Bank, Phoenix	NA	NA	853,808	7
92	-	Citizens Fidelity Bank & Trust Co., Louisville	NA	NA	850,000	-
93	96	First Fidelity Bank NA, Newark, N.J.	191,311	655,525	846,836	34
94	93	First Union National Bank, Jacksonville, Fla.	602,073	220,462	822,535	26
95	98	Sun Bank NA, Orlando, Fla.	93,124	729,393	822,517	35
96	-	Liberty National Bank & Trust Co., Oklahoma City	692,304	121,188	813,492	-
97	-	United Virginia Bank, Richmond	274,937	530,520	805,457	-
98	87	Irving Trust Co., New York	160,554	621,948	782,502	16
99	-	Bank of Oklahoma Tulsa NA	168,048	606,168	774,216	-
100	-	FirsTier Bank, Lincoln, Neb.	733,884	34,632	768,516	-

Most transaction data were supplied to American Banker by regional automated clearing houses on behalf of their member financial institutions. In some instances, data were confirmed or obtained directly from Federal Reserve Banks or from the originating banks themselves. NA-Where debit and credit breakdowns are not given, information sources had not tabulated them in time for publication. [1] For some members of the Calwestern Automated Clearing House Association, totals include transactions originated in General Electric Information Services Co.'s private network. Geisco totals were not broken into debits and credits. Except for Bank of America, which supplied its own data, the debit-credit breakdowns for these banks were estimated by American Banker.

Chase Remains Clearing House Volume Leader

Continued from Page 1

a percentage point.

This indicates that other financial institutions are beginning to market these payment services more aggressively than in the past.

At least eight of the top 100 automated clearing house originators doubled their yearly volume in 1986. One of these — Centerre Bank in St. Louis — nearly tripled, and several others came close to doubling 1985 totals. (A list of the top 100 originators is on page 14.)

Still, Chase Manhattan remained in a class by itself.

Chase's transaction total rose 34% in a year when total commercial volume, which does not include government payments, rose 38%. Bank of America increased 37% to 13.9 million.

As was the case in the previous year, the distribution of automated clearing house volume was not in proportion to bank asset size.

Citibank, the nation's biggest bank, which has been criticized in automated clearing house circles for not pulling its weight, made partial amends in 1986 by increasing its activity 89% to 2.5 million. This was only 38th best among clearing house originators, but an improvement over Citibank's 1985 rank of 55th.

At the opposite extreme, Marine Bank of Springfield, Springfield, Ill., the 477th largest commercial bank according to yearend 1986 assets, ranked fifth in clearing house items with 9.1 million.

Its automated clearing house ranking was unchanged from 1985, but it did surpass Northern Trust Co. to become the largest originator in the Chicago-based Midwest Automated Clearing House. Northern Trust, the 50th largest bank in the United States, slipped to sixth place nationally from fourth in the 1985 automated clearing house survey.

The $609 million-asset Marine Bank trailed fourth-place Norwest Bank Minneapolis, the nation's 54th largest bank, by fewer than 500,000 items.

Marine Bank gets most of its business from State Farm Insurance Co., Bloomington, Ill., and other insurers for which the bank processes automatic payments of policy holders' premiums.

For six of the top 10 originating banks, these types of preauthorized payments, known as debits, constitute a majority of clearing house activity.

This year's *American Banker* table is the first to break out debits and credits — a common example of the latter is direct payroll deposits — where this information was available.

BofA Leads in Credits

Chase, third in assets after Citibank and Bank of America, led in debits with 47.9 million. It was second in credits with 7.5 million, trailing Bank of America's 9.1 million.

Mellon Bank, Pittsburgh, was third in credits with 6.3 million, less than 100,000 in front of Northern Trust Co.

On the debit side, Marine Bank of Springfield was a distant second to Chase, at 8.8 million. Next came Norwest Bank Minneapolis at 7.3 million and Wachovia Bank and Trust Co., Winston-Salem, N.C., at 5.4 million.

Chase's debit total is still growing rapidly. Its clients include such major insurance companies as Metropolitan Life and the Equitable Life Assurance Society.

Chase also is pursuing the new business of processing retail point-of-sale transactions in the form of automated clearing house debits. It will process debits for Exxon Co. USA as the petro-

Clearing House: Page 15

Clearing House . . .

Continued from Page 14

leum marketer expands its consumer debit card program this year, according to James J. Hopes, president of Chase Automated Clearing House Inc., the private clearing house for Chase Manhattan and Chase Lincoln First Bank, Rochester, N.Y.

Chase ACH Inc. started formal operation in the spring of 1986, taking a majority of its 47.9 million debits and 7.5 million credits for 1986 out of the New York Automated Clearing House.

Debits outnumbered credits for six of the top 10 originating banks. Of the 398.1 million automated clearing house items initiated in the private sector last year, debits exceeded credits by about a 3-to-2 ratio, according to the National Automated Clearing House Association.

Meanwhile, virtually all of the 345.3 million clearing house items originated as part of the U.S. Treasury Department's direct deposit program, which includes Social Security benefits and federal salaries, were credits.

Impact of Consolidation

Gains in standing among the top 100 automated clearing house originators were more spectacular than any drops that occurred — another sign that more banks are becoming more active in soliciting new business.

Among the top 10, Mellon Bank, at No. 3 with 10.9 million total items, rose three places, thanks mainly to its consolidation of back offices with Mellon Bank (East), Philadelphia. Mellon as a whole registered a 29% increase over 1985's combined volume.

Wells Fargo Bank, San Francisco, encompassing the operations of Crocker National Bank, with which it merged, rose to ninth place from 25th. Their automated clearing house total grew 70%.

Bank One, Columbus NA in Ohio increased its volume, mostly debits, by 92% to jump into 10th position from 18th in 1985. Bank One's Dayton affiliate was also on the list, at No. 48. Bank One, Indianapolis, the former American Fletcher National Bank, fell short of the 100th spot by less than 10,000 items.

Consolidating the automated clearing house operations of such superregional bank holding companies would alter the complexion of the top 100 listing.

Considered as one entity, the three Bank Ones generated 8.4 million transactions, good enough for seventh place if all else stayed the same.

First Wachovia Corp., which plans to consolidate clearing house operations of subsidiaries Wachovia Bank and First National Bank of Atlanta, would be close to the 10.9 million of No. 3 Mellon Bank.

Norwest Corp., Minneapolis, had three affiliates among the top 100 originators, adding up to 15.6 million items. These do not include seven million automatic debits and credits cleared within Norwest Bank Minneapolis NA, which are known as "on-us" items and are excluded from these statistics. On-us items are cleared within the banks of first deposit.

Norwest banks, considered as one, would be bigger than Bank of America and second only to Chase, even if Bank of America's volume is augmented with that of its affiliate Seattle-First National Bank.

The merger of Connecticut Bank and Trust Co. NA, Hartford, 12th on the list, with Boston-based Bank of New England, 41st, would vault them ahead of No. 7 First National Bank of Boston if clearing house operations were combined.

Five members of First Interstate Bancorp, Los Angeles, made the top 100: the First Interstate banks of Okla-

Clearing House: Page 16

ACH Debit and Credit Originators

Top Debit Originators	1986 Volume (in Millions)	Top Credit Originators	1986 Volume (in Millions)
1. Chase Manhattan Bank	47.9	1. Bank of America	9.1
2. Marine Bank of Springfield, Ill.	8.8	2. Chase Manhattan Bank	7.5
3. Norwest Bank Minneapolis	7.3	3. Mellon Bank	6.3
4. Wachovia Bank & Trust Co.	5.4	4. Northern Trust Co.	6.3
5. First National Bank of Boston	4.8	5. Wells Fargo Bank	4.2
6. Bank of America	4.8	6. Manufacturers Hanover Tr. Co.	2.7
7. Mellon Bank	4.6	7. Connecticut National Bank	2.6
8. Bank One, Columbus	4.3	8. Norwest Bank Minneapolis	2.4
9. Morgan Guaranty Trust Co.	3.3	9. National Bank of Detroit	2.3
10. First Interstate, Oklahoma City	3.0	10. Shawmut Bank of Boston	2.2

Dear Reader, How Are We Doing?

The *American Banker* wants to make sure our survey on banks' automated claring house business meets your information needs. So would you spend a moment to give us some feedback? Please clip out this questionnaire and return to: William Zimmerman, Editor, American Banker, One State Street Plaza, New York, N.Y. 10004 (212) 943-5712.

(1.) How would you **change** the survey to make it more useful? What would you add?

_____

_____

(2.) What did you like **best** about the survey?

_____

_____

(3.) What did you like **least** about the survey?

_____

_____

(4.) How do you use the survey in your work?

_____

_____

_____

_____

Name (optional)_____

Title_____

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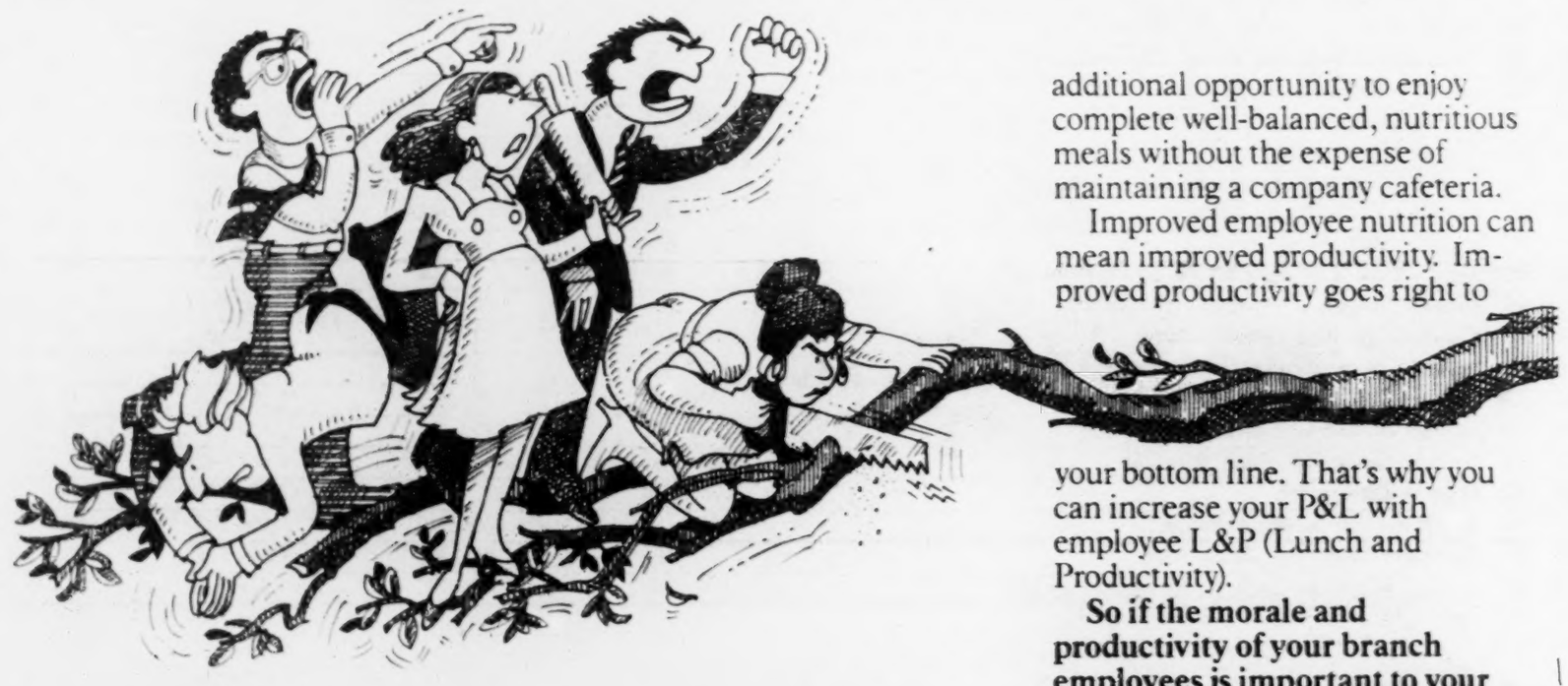
"Are your employees leaving your branches?"



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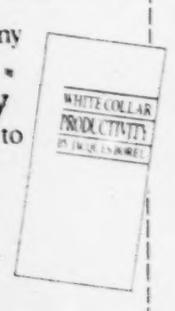

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Number of Employees _____

AB387A

Chase Continues to Dominate Automated Clearing House Business

Continued from Page 15

homa (No. 22), Arizona (32), California (44), Denver (74), and Washington (89). First Interstate Bank of Oregon, at 105th, just missed the list.

Added together, the six would have fallen just shy of 11 million transactions, about where No. 3 Mellon now stands.

Individual Gainers

One of the most impressive rises in a bank's own right was that of M&I Marshall & Ilsley Bank, Milwaukee, only the 145th largest in the country but now the 13th biggest clearing house originator, up from 39th in 1985.

M&I's transaction total rose 145% in 1986, to 4.2 million from 1.7 million. This came on the strength of a new debit contract with Northwestern Mutual Life Insurance Co., said James Jossie, a vice president at the $2.7 billion-asset M&I.

Centerre Bank in St. Louis had the biggest percentage gain of all — 194%, to 3.5 million items from 1.2 million. The bank shot up to 21st place from 60th.

Centerre typified the stellar performance of Mid-America Payment Exchange, better known as MPX, the automated clearing house association based in Kansas City, Mo.

Of the top 100 originators, 14 came from MPX's eight-state territory. Five of these increased transactions by more than 100% over figures in the 1985 top 100: Centerre; First Interstate Bank of Oklahoma in Oklahoma City (formerly First National Bank & Trust Co.); Boatmen's First National Bank of Kansas City; Commerce Bank of Kansas City; and United Missouri Bank of Kansas City NA.

The New York Automated Clearing House Association was second to MPX in the number of members making the top 100 — 11 including Chase Manhattan.

The Southwestern Automated Clearing House in Texas contributed seven of the 100 largest, but three of these are in the InterFirst Corp. holding company. The Calwestern association on the West Coast and Central Regional Automated Funds Transfer System in Columbus, Ohio, each had six member banks on the list.

"MPX is one of the few associations that has a full-blown marketing campaign, including people that make calls on corporations, and it is really starting to pay off," said William R. Moroney, president of the National Automated Clearing House Association in Washington.

"They have done things that other associations, including the national one, can learn from, and I think you will begin to see that kind of transfer taking place in the months ahead," he added.

Conversely, some regional associations, such as Wisconsin's, do not even have full-time staffs, relying instead on banker volunteers and Federal Reserve support. This may have to change now that M&I and Northwestern Mutual Life have catapulted Wisconsin's association into the big league of originators.

Other big individual gainers included First National Bank of Atlanta, which rose to 28th place from 44th as transactions increased 120%, and Bank of Hawaii, Honolulu, which jumped to 66th from 100th on a 112% growth rate.

There were some losers: Trust Company Bank, Atlanta, lost one-third of its 1985 volume of 5.6 million and fell to 19th place from seventh.

Huntington National Bank, Columbus, Ohio, lost 45% of its 1985 volume and 51 places in the standings, to 77th from 26th.

In both cases, corporate customers decided to take their business to other banks. The percentage losses by these and others, such as Norwest Bank Nebraska (22%), Philadelphia National Bank (7%), and Chase Lincoln First Bank (8%), were more than offset by gains elsewhere.

Nine banks not among the top 100 last year made the list this year, replacing banks that either merged or grew too slowly to keep pace.

Five 1986 newcomers came from the MPX region, including No. 100, FirsTier Bank, Lincoln, Neb. Its 768,516 transactions were 28% more than what was necessary to be No. 100 a year earlier.

The most active new arrival was First Citizens Bank & Trust Co., Raleigh, N.C., in 81st position with just over a million items.

The automated clearing house market is highly concentrated in relatively few of the 17,500 financial institutions that are members of the 32 regional associations.

The top two originators — Chase and Bank of America — accounted for 69.3 million of the 398.1 million private sector transactions in 1986, or 17.4% of the market. This was down slightly from 17.8% of the previous year's 288.5 million commercial items.

The concentration ratio for the top five firms was 24.8% in 1986, compared with 25.5% in 1985.

The top 10 controlled 33.5% of the 1986 market, compared with 34.7% a year earlier.

This is the second of two articles on the *American Banker's* annual survey of automated clearing house activity. The first story appeared in Monday's paper on page 24.

This announcement appears for purposes of record.

$30,000,000

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The private sale of the above securities was negotiated by the undersigned.

Dillon, Read & Co. Inc.

March 17, 1987

Mellon Offering No-Fee Checking In Philadelphia

Special to the American Banker

PHILADELPHIA — Mellon Bank (East), the Philadelphia-area subsidiary of Pittsburgh's Mellon Bank Corp., is offering a new, no-charge checking account as part of what it calls a banking program for low- and moderate-income communities.

The account requires no minimum balance, has no monthly maintenance fee, and allows six free checks a month, with a 50 cent per check charge after that. There is no charge for monthly statements, with canceled checks, but there is a charge of $5 for a book of 100 checks, after an initial 10 free checks.

There are no income or residence requirements. The new account allows welfare recipients to avoid often costly fees charged by check-cashing agencies.

The Mellon's program is unique here, according to spokesman James Smart, because it will be promoted widely in low- and moderate-income communities, via ads in community newspapers and during an "aggressive outreach program" of community seminars on financial topics. The program was introduced at a forum last week for almost 100 leaders of community organizations at the bank's downtown headquarters.

General requests for "lifeline" banking from community organizations here and elsewhere were considered in developing the program, Mellon said.

The bank added that minimums on small loans have been reduced from $2,500 to $1,000 to make borrowing easier.

Mellon also announced the formation of the Community Development Corp. by the Pittsburgh-based holding company to work with community groups statewide to support housing and small business. It will act as adviser and as lending or equity partners in neighborhood projects.

The unit was initially funded with $500,000 in seed money, plus a $3 million additional line of credit from Mellon. ■

KBW

American Security Corporation

Washington, D.C.

has been merged with and into

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The undersigned, in its capacity as financial advisor to American Security Corporation, assisted in the negotiations leading to the consummation of this transaction.

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